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THE

RELATION OF CO-OPERATIVE

TO

COMPETITIVE TRADING.

A PAPER

BY

MR. VAUGHAN NASH,

OF BRISTOL.

*Specially recommended by the Adjudicators of Prize Papers in Connection with
Carlisle Congress, 1887.*

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Something kindlier, higher, holier, and for each and each for all.

The trader's watchword is brief. His principles are formulated in the injunction, "Buy in the cheapest market and sell in the dearest." He places implicit faith in this formula, which he regards as fundamental. To make profits is the end and aim of his existence. Perhaps some of us began our course of buying low when we went to school, and if we ever subdued the desire to consume our bargains, very probably we went on to sell high. The experience we have gained since we left school shows us that these juvenile performances of ours were just what the world was waiting to draw us on to, only on a larger scale; we have grown serious over the matter by this time, and are beginning to recognise the desirability of looking into such dogmas as this of the competitive trader, before handing them on with increased authority to the next generation.

The first point that strikes anyone in comparing the trading methods of British co-operative societies with competitive methods is that co-operation cuts off short the second part of the commercial formula. The distributive societies scattered throughout the kingdom and federated in the Wholesale Societies do not buy to sell again—they buy simply for their members' consumption. A great number of people join together to go shopping on an enormous scale in the world's markets, and what we see going on in the stores is nothing more than the delivering of the goods ordered to the purchasers and the collection of the money which has to be paid to the merchants and manufacturers who supplied the goods. It is obvious, then, that selling in the dearest market is no concern of co-operators, because they do not sell at all. The term profits is, therefore, not only

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misleading, but meaningless when applied to the transactions of a co-operative store.

The agreement which members of co-operative societies have come to amongst themselves to pay the same prices at the store as they would have to pay at shops in the neighbourhood originated in the desire to accumulate capital, for the purpose of strengthening the store, and with a view to attaining certain social and industrial ends. It is a simple, painless, and inevitable method of saving. When it was first adopted this dividend represented the displaced shopkeeper and his profits; as the various circles of middlemanism have been pierced, so the profits hitherto allotted to various sections of society have been divided amongst the consumers, and dividends have, consequently, grown larger. This simple device for accumulating capital has thus grown into a register of the successive victories of the consumer. No one who knows anything of competitive arrangements, no one who has followed Mr. Illingworth in his book on distribution reform through the mysterious regions which lie between those who produce things and those who require them, can have failed to perceive that by the time a commodity reaches the person who wants it, it has generally helped to make several dividends. Competitive methods of distribution, which are understood to be economic, enable a large number of persons to live comfortably off one another until they can get to the consumer and put everything down to his account. If the consumer should succeed in getting what he wants at first hand, it follows that he is exempted from the taxes which parties 2, 3, and 4, and so on, had been used to levy on his goods. Co-operators add these exemptions up and call them profits. This confusion of terms has, in some cases, arisen from a tendency which exists to idealise the dividend into an increasingly prosperous tradesman sharing his profits with his customers. This creation of the consumers' imagination is perpetually being goaded on to share larger profits, to add additional pence to his customers' dividends; it is a conception of such living reality that some persons believe co-operation to be, not only buying in the cheapest market, for which they may be excused, but selling in the dearest. It is not too much to say that a desire for high dividends has become the master passion of the English co-operative societies. Co-operation, which is a union of individuals for common ends, is being slowly and incessantly broken on the wheel of self-interest.

But what is to be said to the people who infer from what they see of the process that co-operation does all that it is meant to do when it puts by quarterly so many shillings in the pound to their account? Dividends will have to go a good deal higher before $2\frac{1}{2}$ per cent of them will make co-operators of men who are associated first and fore-

most for their personal interests. Very possibly they may refuse to vote the 2½ per cent. They have no desire to be burdened with uncomfortable enthusiasms, and it may appear to them that their share of a handsome dividend in its integrity is a better security than if a fortieth part of it were sunk in the Utopias of their neighbours.

One thing is certain, it is high time for those who desire the genuine progress of co-operation to set about testing co-operative practise by co-operative ideals, and above all, to submit to a searching scrutiny the relation in which their movement stands to competition. Lack of definition is the last thing to be encouraged in such a matter. We can trace much of the confusion which hampers and retards our progress to the uncertainty which prevails as to the essential character of co-operation. A compromise has been languidly accepted between two entirely opposed movements, and it is hoped that it may result in the best being got out of both. Such a position is intolerable.

Where do we stand at the present moment with regard to competition? We have cut ourselves free from a great mass of its entanglements, but the competitive watchword "Buy in the cheapest market," has been carried by the co-operator right through the ranks of middlemen and planted triumphantly in the labour market, and to competition we owe, not only the condition but the creation of the labour market. You do not hear co-operators say, in so many words, the cheaper the labour the higher the dividend, but he who looks may judge it from their policy, and it takes no great intelligence to discern that the high rate of dividend which prevails is not conducive either to an improved wage for the worker or to the success of industrial partnership. We have grown so accustomed to regard the manufacturer and the middleman as exacting taskmasters—as reapers in fields in which they have not sown—that it has hardly occurred to us how rapidly co-operative consumers are qualifying themselves to fill their place. They have robbed competition of its monopoly of distribution, by massing themselves around the sources of supply, they have shaken off their allegiance to the second article of the traders' creed, which teaches the consumer to give the highest price which middlemen can extract from him, and now they find no better light to guide them than that of "buying in the cheapest market." It is said that co-operators are engaged in mastering commercial methods; and when they have attained proficiency, what then? Working-men co-operators will have ascertained what is the lightest reward which the labourer will accept for his heaviest toil. That is the ultimate meaning of buying in the cheapest market.

Are we to perpetuate this alliance with competition? However much our notions of the character and mission of co-operation may differ

one from another, we cannot disagree as to the wisdom of testing the infallibility of the commercial dogma before accepting its authority. Tried by the business standard of general prosperity—and our movement is not deficient in men who can look at things from a business point of view—is it so certain that buying your labour in the cheapest market is the highest wisdom? People are complaining on all sides that trade is bad. Willing workers are standing idle, and capitalists cannot obtain the remuneration which they have been used to count upon. What is bad trade? Mr. Wallace answers “Bad trade simply means that there is a deficiency of customers. Why is there a deficiency of purchasers? Simply because people who ought to be the purchasers have not got the money to purchase with.” Now, it is precisely this point which competitive traders overlook. They omit to note that the labour market in which it is good to buy cheap is the identical market in which it is good to sell dear, and so they are surprised and disappointed to find that dear selling is getting increasingly difficult. Yes, trade is bad because people cannot afford to buy, they cannot afford to buy because their property, their labour, is taxed so heavily by the labour manipulators, that what remains is barely sufficient to procure the necessaries of existence with. When this is the condition of a large part of the people of our country, how can we expect a good home trade? Since buying cheap labour is carried to far greater lengths on the continent, how can we expect anything but a perpetually diminishing export trade? As an illustration of the dilemma in which commercialism finds itself, take a case cited by Mr. Illingworth. Cotton dress fabrics are sold in shops at $10\frac{1}{2}$ d. a yard. For this material the manufacturer receives a fraction more than 4d. a yard from a middleman, who prints it. The manufacturer pays the weaver $\frac{3}{4}$ d. a yard for his labour. If the weaver’s wife wants a dress her husband is enabled to send the commercial world full circle from the cheapest to the dearest market. The manufacturer owes a heavy debt of gratitude to the store, which helps the weaver to redeem himself at a less dazzling figure; but, does the weaver’s wife who joins a store show the highest wisdom in refusing to forego a few pence of dividend that her husband may henceforth weave with a brave and hopeful heart, not as a hireling, but as a free man? The working women of England hold the fate of the working men in their hands. Are their lives and the work of their hands of no account that the women who purchase them will give so little for them?

Buying men’s labour in the cheapest market has failed to diffuse prosperity, and it will hardly be contended that the present phase of the co-operative movement, which mitigates the severity of the repurchasing

process, and invests what is saved in competitive undertakings, will succeed in giving prosperity to the worker. But apart from the question of wealth distribution, the exponents of competition claim that buying labour in the cheapest market is the best way to create wealth. How can any system which ignores the human quality of labour develop wealth efficiently? If men are to be as dumb, purposeless, and passive as pig iron, or cotton, or any other marketable commodities, in the grasp of the manipulator, no doubt a stock of cheap available labour can be laid on for the supply of the world's necessities, but it is unreasonable to expect it to behave like men. Trade unions are a protest against the intolerable, the impossible notion that the hard duties of mankind can be sustained by men minus their manhood. Undeniable as it would appear that the wealth of the world consists in the powers of its citizens, the labourer's claim to a will and a voice is looked upon in high quarters, and perhaps in quarters not so far removed from the labourer, as a sad and perplexing sin against the light. Again, we cannot help noticing the fact that modern scientific researches have immensely strengthened the competitive conception of man. It is true that they have done something to confirm the belief in the worker that he is a creature as well as a commodity, but he finds much the same place allotted to him in the social system by the scientist as by the economist. A distinguished sociologist (Sir H. Maine), commenting on the competitive system in force in civilised countries, which he identifies with the animal struggle, and sanctions accordingly, draws a graphic picture which workers may well study. He says, "The springs of action are called into activity by the strenuous struggle for existence, the beneficent private war which makes one man strive to climb on the shoulders of another and remain there through the law of the survival of the fittest." Putting aside the question as to whether the people on top of their neighbours' shoulders are of necessity the eminent and worthy, is not this an instructive view of the society which competition organises and science consecrates? That phrase of Mazzini of "the war of gold and craft" comes to our minds as we scan it. So then, in this beneficent struggle, those who are underneath must thankfully support the elect of nature and the full weight of his equipment of machinery and education and leaden complacency. "If you can shake him down," says the exponent of nature, "why, of course, you are at liberty to, and then you may get up on his shoulders." "Charge him a low ground rent for his use of your shoulders," threatens the economist, "or, by all my maxims, he will go off to somebody else's, and you will be left a mere obstructive, vacant pedestal." In the light of such an explanation, is it not singular that people do not feel more confidence, that they

complain of giddy sensations, of strange noises, uncertain lights, and other earthquake symptoms, and imagine that all the foundations of the earth are out of course, when, as Sir Henry Maine reassuringly asserts, down under all the semblances of stability you come to men's shoulders? Flesh and blood of the very cheapest description cannot be pounded into concrete. Even if you bleed away every drop of sympathy and human capacity, the elastic spring of hunger on which economists and scientists have based their calculations remains, and if you only have the right scientific faith, you can believe that the vulpine instincts of mankind will effect all rational and necessary social adjustments in the best possible manner.

On this competitive system, which decrees to the larger part of humanity the position we have been scanning, co-operation flourishes, or, at anyrate, makes money. It decries it and lives by it: it professes to care about men more than money, and buys its labour in the cheapest market: it claims to be the lifeboat of society, while the very beacons burn above it which the wreckers have lit, and the rocks on which society is going to pieces are strewn with its share of the plunder. It may be that some co-operators are satisfied with the existing situation. Their view is perhaps that if people can buy cheap, pure, and direct, and get 5 per cent on their savings, co-operation is doing very fairly by them, and that they are doing very fairly by co-operation if they put part of their savings into land and factories, so that they shall make sure against being poisoned by adulterated provisions, and clothed in size and shoddy, and the other delights of the competitive trader. It must, however, be pointed out that it is impossible for us to shut our eyes when we stand as we do now face to face with the ultimate sources of supply. While the consumer is thinking only of cheap buying and high dividends it will pay him better to lend his money to capitalist-manufacturers than to sink it in his own factories. But whether co-operators hire men to work for them, or let manufacturers hire them on their account, the question is not answered whether co-operation is going to be the old employer with a new name, and whether simply because his new name is legion it is likely to alter his nature for the better. These are amongst the very pressing questions which the rapid collapse of middlemanism forces upon us, and they may be summed up in this question, Is co-operation to do nothing more than distribute what competition produces?

A brief review of the principles of the two systems may help us to come to some conclusion. Competition is founded on selfishness—it has no morality, no theory of duty. We learn, it is true, in economic works, of the transcendent abilities, the rare qualities, the wearing

anxieties, and the crushing risks which distinguish the hero of competition. All his noble qualities and self-imposed burdens are devoted to the welfare of mankind, whom he most faithfully serves by incessant attention to his own interests. We find, however, that this gospel of self-interest does not spread peace on earth and goodwill among men. It teaches that life is a struggle, and that, according to his equipment for the struggle, the wants of a man are to be supplied, and it recommends above all other equipment the confidence in might as right. So we find a ceaseless battle being waged between producer and consumer, and a succession of armed truces and bitter feuds between employer and worker. Patriotism has become a huge competitive monster, which dooms the nation to exist in a perpetual torture chamber of taxes and barracks, and even holds the unborn generations as security for the gunpowder and lead by which families of the earth have their being. It is thus that the "beneficent private war of trade" is protected and abetted. Trade requires such a "system of insurance," we have it on the authority of the Duke of Cambridge.

Co-operation or association is the opposite tendency to the isolated self-seeking which is the characteristic of competition. It seeks to attain its ends by mutual helpfulness and accommodation. It hates war. It goes to the hostile groups in the world of industry, to the nations lying in the darkness of ignorance, distrust, and misery—to all the warring members of society with the message, "Sirs, ye are brethren." It leads us forward to a society in which men's powers shall be collectively developed and exercised in mutual service. It relies on friendship and the commonwealth rather than on personal ambition as incentives to action. "Think first of humanity," Mazzini, the apostle of association, preached. Think first of yourself, cry economists and scientists. Co-operation being based on the capacity of man to combine, the idea of partnership is inseparable from it. Competition, in the figure of Prof. Jevons, is a witches' cauldron in which labour and capital and all the constituents of wealth are seethed, the only principle of division being that whoever has the biggest hands and the most unlimited voracity, will scoop out the largest measure of hotch-potch.

These, briefly, are the two systems which we have to choose between. Which is the more economic, the more equitable, the more human? Into the hubbub of clashing activities that our crowded life seems of necessity to entail, which plan promises to introduce more of harmony and peace? No compromise can be permanent or healthy, for co-operation in its spirit and essence is utterly and for ever opposed to competition. The two systems can be disengaged only if men are true

to the principles they profess, only if they are intent on realising the true co-operation. Ideals are reckoned by some of us as a sort of Congress manna; but our movement can never detach itself from ideals, it can never adopt the creed that "an acre of Middlesex is better than a principality in Utopia," for it is a standing confutation of the scepticism which contents men with the unaccomplished; it is a witness to the faith of that handful of intrepid idealists who founded the principality of which we are citizens in something considerably less than an acre of Lancashire. If only the people who look at things from a business point of view would make Toad-lane forty years ago their standpoint! If we wish to embody the ideal co-operation, by making the way clear on this earth for a kindlier and fairer life open to all men, we must cultivate a breadth of view which has hitherto been somewhat wanting amongst us. The co-operative consumer who believes that he is bringing in the new life by mastering commercial methods and adopting the competitive industrial system, must soon make up his mind to one or other of the alternatives before him, which are that he should disencumber himself from the name of co-operator, or that he should fling away the crutches on which he fancies that he is travelling to a better time. Let him fling them away, and, standing fairly on his own feet, obeying the impulses of his heart, refuse to be any longer a man divided against himself, owing allegiance with sinews and muscle to competition, and looking to co-operation to satisfy his hunger and cover his back. Were all the members of the co-operative commonwealth so to resolve then there would be a society of unexampled power and influence, at unity with itself, carrying a clear and intelligible message to the world, and consistently witnessing, by the work and spirit of its members, to the possibility of a social state in which men may live for one another, instead of off one another, and that this state is happier than the other, the satisfaction of standing shoulder to shoulder with brave men and true in the cause of all men being quite as pure as that of standing on the shoulders of others in the cause of oneself, or even of being stood upon in obedience to the laws of nature and political economy.

The first step, humble though it may be, towards this consummation, is for members to bestir themselves to look beyond the actual commodities supplied to them to the quality and spirit of the work spent upon their purchases; to find out whether what they buy has been wrung from the workers under cruel pressure, or whether the worker has received a due reward obtained happily and manfully. What has been well described as the "duty of rational consumption" must supersede the craving for cheap things. Workers and workers' wives ought to be the first to accept this duty. What if dividends should go down, is not that made up for if the character and quality of labour are enriched,

as they will be a hundredfold? When joint consumption has gone so far on the way to meet joint production, and has begun to give heart and hope to industry, the complete union of those whom competition has severed will surely be not far off. Producer and consumer stand face to face, because of the collapse of middlemanism, which reared itself so long between industry and necessity, and co-operation which brought about the collapse, set them there, not to go on fighting, but to shake hands and join forces.

The solution of the dividend question must wait until the time of reconciliation comes, for who can say what is to be divided, and amongst whom, while co-operators are drawing their supplies from alien sources, and consuming them on a plan whose principle baffles the most ingenious experts? While "eat and grow rich" is advanced as the gospel of co-operation, its disciples can only be recommended to yield themselves freely to the miraculous hunger begotten of eating your cake and having it, for no human rules or calculations can compass this mysterious compound avidity.

The implement of the Pioneers, which was designed to win the way to a new and righteous industrialism, has fallen across the road which they had begun to open up by its aid, and there it lies swollen to such huge dimensions that the horizon is blocked, and multitudes of men, taking it for the goal, are continually falling down and worshipping before it. Their petitions are not for a just apportionment of the fruits of his labour to the labourer, not for humane industrial and social conditions, but for a revelation of the mysteries by which the consumer is to inherit the earth, the reward that justice allots to him for his exertions, the eternal relations between eating and pocketing; but the fetish is inscrutable, and till the hour of disenchantment comes, will answer none of their riddles. The workers of the future, let us hope, will look back with some indulgence on these men possessed; for the spectres of the dividend delirium, the confusions and infatuations which are abroad, are, in some sense, the safeguard of the industry of the future; they mark unmistakeably and unforgetably the folly of attempting to establish a workers' commonwealth on any other foundation than the broad and righteous and secure one of the common toil.



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